

In the last few weeks, I have undertaken an aggressive campaign directed at the nation's financial leaders to dispel this myth. In letters to Treasury Secretary Henry Paulson and Federal Reserve Chairman, Benjamin Bernanke, I have asked that they both publicly refute claims by some conservative pundits and politicians that most of the defaulted subprime loans at the root of the crisis were made to African-Americans, Hispanics and other so-called "unproductive borrowers."

On the basis of hearsay, rumors and misinformation, seeds of division are being sown all across the United States in a volatile political environment where Americans are terrified by the economic situation. History provides too many lessons on the consequences of singling out only certain segments of the population as culprits for a country's woes for us not to do all within our power to stop this ugly and insidious smear campaign in its tracks.

I urge you, in the strongest possible terms, to join me in standing up to this big lie, this Financial Weapon of Mass Deception. It is your duty to stop the precious waste of time and energy being spent on blaming the victims and force a healthy debate on what must be done to curb too much Wall Street greed and too little Washington oversight. This hearing is an important step toward that end and I applaud you for holding it.

I call upon you to join with me to ensure that innocent people in our community who look to you for protection are not further scapegoated, victimized and exploited by unscrupulous and greedy players and those who do their bidding.

I call upon you to not allow yourselves to be distracted by the attempts to undercut the Community Reinvestment Act and undermine regulatory reform.

I call upon you to stay focused and to take strong and positive steps to strengthen our communities and the nation's financial foundation through regulatory reform.

I call upon you to do your part to disarm this false and dangerous Financial Weapon of Mass Deception.

In this time of global crisis, we must bring Americans together and not continue to divide ourselves with false racial arguments.

Please enter my testimony into the record.

BOARD OF GOVERNORS OF THE FEDERAL
RESERVE SYSTEM

DIVISION OF RESEARCH AND STATISTICS

Date: November 21, 2008.

To: Sandra Braunstein, Director, Consumer & Community Affairs Division.

From: Glenn Canner and Neil Bhutta.

Subject: Staff Analysis of the Relationship between the CRA and the Subprime Crisis.

Summary: As the financial crisis has unfolded, an argument that the Community Reinvestment Act (CRA) is at its root has gained a foothold. This argument draws on the fact that the CRA encourages commercial banks and savings institutions (banking institutions) to help meet the credit needs of lower-income borrowers and borrowers in lower-income neighborhoods. Critics of the CRA contend that the law pushed banking institutions to undertake high risk mortgage lending.

In this memorandum, we discuss key features of the CRA and present results from our analysis of several data sources regarding the volume and performance of CRA-related mortgage lending. In the end, our analysis on balance runs counter to the contention that the CRA contributed in any substantive way to the current crisis.

BOARD OF GOVERNORS OF THE FEDERAL
RESERVE SYSTEM,
Washington, DC, November 25, 2008.

Hon. ROBERT MENENDEZ,
U.S. Senate,
Washington, DC.

DEAR SENATOR: Thank you for your letter of October 24, 2008, requesting the Board's view on claims that the Community Reinvestment Act (CRA) is to blame for the subprime meltdown and current mortgage foreclosure situation. We are aware of such claims but have not seen any empirical evidence presented to support them. Our own experience with CRA over more than 30 years and recent analysis of available data, including data on subprime loan performance, runs counter to the charge that CRA was at the root of, or otherwise contributed in any substantive way to, the current mortgage difficulties.

The CRA was enacted in 1977 in response to widespread concerns that discriminatory and often arbitrary limitations on mortgage credit availability were contributing to the deteriorating condition of America's cities, particularly lower-income neighborhoods. The law directs the four federal banking agencies to use their supervisory authority to encourage insured depository institutions—commercial banks and thrift institutions that take deposits—to help meet the credit needs of their local communities including low- and moderate-income areas. The CRA statute and regulations have always emphasized that these lending activities be "consistent with safe and sound operation" of the banking institutions. The Federal Reserve's own research suggests that CRA covered depository institutions have been able to lend profitably to lower-income households and communities and that the performance of these loans is comparable to other loan activity.

Further, a recent Board staff analysis of the Home Mortgage Disclosure Act and other data sources does not find evidence that CRA caused high default levels in the subprime market. A staff memorandum discussing the results of this analysis is included as an enclosure.

As the financial crisis has unfolded, many factors have been suggested as contributing to the current mortgage market difficulties. Among these are declining home values, incentives for originators to place loan quantity over quality, and inadequate risk management of complex financial instruments. The available evidence to date, however, does not lend support to the argument that CRA is to blame for causing the subprime loan crisis.

Sincerely,

BEN BERNANKE.

Mr. Speaker, I yield back the balance of my time.

MESSAGE FROM THE SENATE

A message from the Senate by Ms. Curtis, one of its clerks, announced that the Senate has passed a bill of the following title in which the concurrence of the House is requested:

S. 896. An act to prevent mortgage foreclosures and enhance mortgage credit availability.

The message also announced that pursuant to Public Law 110-229, the Chair, on behalf of the Republican Leader, announces the appointment of the following individual to be a non-voting member of the Commission to Study the Potential Creation of a National Museum of the American Latino:

Sandy Colon Peltyn of Nevada.

The message also announced that pursuant to section 276d-276g of title 22, United States Code, as amended, the Chair, on behalf of the Vice President, appoints the following Senators as members of the Senate Delegation to the Canada-United States Inter-parliamentary Group conference during the One Hundred Eleventh Congress:

The Senator from Alabama (Mr. SESSIONS).

The Senator from Maine (Ms. COLLINS).

The Senator from Ohio (Mr. VOINOVICH).

The message also announced that pursuant to Public Law 106-286, the Chair, on behalf of the President of the Senate, and after consultation with the Republican Leader, appoints the following Members to serve on the Congressional-Executive Commission on the People's Republic of China:

The Senator from Tennessee (Mr. CORKER).

The Senator from Wyoming (Mr. BARRASSO).

HEALTH CARE

The SPEAKER pro tempore (Mr. DRIEHAUS). Under the Speaker's announced policy of January 6, 2009, the gentleman from Texas (Mr. BURGESS) is recognized for 60 minutes.

Mr. BURGESS. I thank the Speaker for the recognition.

Mr. Speaker, I thought I would come to the House floor this evening and talk for just a little while about health care, because there is a lot of talk going on about health care in this Congress, a lot of talk about the bills that we will see, we haven't seen, and bills that we may not see.

I wanted to point out to the Members that yesterday I introduced a bill, H.R. 2249, which is a bill I had actually introduced in the previous Congress. It is the Health Care Price Transparency Promotion Act of 2009, updated from the last Congress and reintroduced this year. I urge Members on both sides to take a look at this because, after all, we hear a lot about the concept of transparency these days, and it is important for our constituents, for our consumers, for our patients in our districts to be able to access clear and timely information about physicians, hospitals, health care facilities in their areas, and understand and do some research on their own to find out which are the best facilities for them to use when they have occasion to need a doctor or a hospital.

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So as we talk about health care—and it was, of course, all of the discussion during the Presidential campaign last year—I would just point out that there are good ideas that are coming from both sides of this House of Representatives. Certainly, Democrats are not the only ones with ideas on health care. There are Republican ideas. There are